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*The Marketing of Farm Products.* By L. D. H. WELD. (New York: The Macmillan Company. 1916. Pp. xiv, 483. \$1.50.)

An excellent elementary description of the general functions performed by the different distributing agencies which handle farm products is embodied in this book. It is the first scientific work which will serve as a textbook for the vocational training of students in the marketing of farm products. The subjects treated are: the fundamentals of marketing, marketing at country points, methods of sale, functions and organizations of wholesale produce trade, middlemen of the wholesale produce trade, sale by auction, cold storage as a factor in marketing, the cost of marketing, transportation as a factor in marketing, the prices of farm products, remedies, and governmental activities.

Inasmuch as few data on the processes of marketing have been gathered, this author has an especially difficult task. Previous writers, with a few exceptions, have been content with following certain well-known assumptions of economic theory. Mr. Weld, on the other hand, displays an intimate knowledge of marketing processes which has been gained through extensive investigation. He says, however, that this is not a proper time for generalization. Yet the work does not lack a point of view. In theory it follows traditional lines.

Professor Weld explains that public interest in marketing problems is due to a more rapid rise in consumers' prices than in wages. Middlemen have been wrongly criticised for consumers' prices being so much higher than the prices paid producers, and the margin has been thought larger than it is. He shows what this margin is for certain products, and is of the opinion that the services performed by each agency handling farm products are mechanically necessary for distributing producers' products to consumers. Without in any way attempting to prove his position, Mr. Weld draws the inference that the price reported to have been received by each of the marketing agencies for their services is reasonable; and says that the wholesaler works on a small margin which represents efficient service, while the retailer works on a larger margin which should not be regarded as profit but as the cost of an increasing service demanded by the public. Activities of middlemen such as to have to do with making profits for themselves but which are not socially necessary receive little or no attention in this book.

The author concludes that the auction method of marketing is efficient because of the necessary services performed. At the same time he admits that it would take "considerable careful investigational work" to settle the question of the power of auction companies to manipulate prices in the interests of the wholesale houses who may own or control their stock. It seems that efficiency in the performance of any business function can not be determined apart from a thorough knowledge of the price charged for such service, both direct, in the form of commission fee or gross profit, and indirect, in the form of manipulated price and control of the market generally. What the author really has in mind at this point, as throughout the book, is industrial efficiency, that is, an economical expense of energy in systematically and quickly performing a necessary function in the movement of products from the producer to the consumer. But necessity for the doing of a task is not justification for the charge made for it; and it is the latter that consumers and farmers have in mind. What the farmer is interested in is efficiency in terms of price. He desires the highest possible price. In common with the employers of agents generally, he wants the middleman to take as little as possible consistent with the support of that system of organization which shall maintain the higher level of prices. The author would justify the middleman to the less scientific public without answering its point of view. Efficiency can not be proved apart from its per unit dollar cost, which, according to all farm management and scientific management literature, should be reduced to a minimum.

Chapter 12, on the Prices of Farm Products, presents the usual supply and demand theory. No questions are raised; no problems are stated; all are solved by the supply and demand theory. But the chapter on Price Quotations shows clearly that the making of quotations is in the hands of the buyers, who can not be considered an impartial source of information. It might be asked, Is not the supply and demand at any given time largely conjectural? and Is not the system of quoting prices a means of trying to impress others with the thought that the supply is large or small according to the interests of price reporters? The author points out that the prices quoted by the wholesale receiver are at a lower level than those quoted by the jobber, the one receiving from shipper being interested

in a low price and the jobber selling to the retailer being interested in a high price. And yet he does not mention the system of quotation of prices as a factor in the determination of price. Also lacking is a consideration of the effect upon prices of the greater concentration of ownership of grain elevators, alliance between line elevators and railroads, large fees for membership in boards of trade, state grain dealers' associations, and the presence or absence of farmers' elevators. The author at this point is to be contrasted with Messrs. Coulter and Powell, both of whom think organization a factor in determining prices to producers.

He does admit that grade affects value and consequently price and that determination of grade is largely in the hands of buyers, but the method of grading is not mentioned among the factors affecting prices. Mixing grain is a means of raising grade for the buyer but not of price depression to the producer. This position might be true on the basis of the assumption of the existence of free competition in country markets, a condition which extensive investigation has shown may or may not prevail. It is a notorious fact that middlemen frequently either reject a shipment or refuse to pay the market price because they claim goods do not come up to grade. Extensive investigations conducted by the North Carolina Division of Markets in coöperation with the Office of Markets of the United States Department of Agriculture have proved that knowledge of grade does not enable producers to obtain a higher price for cotton and that the determination of the grade of a product by buyers is a means of depressing the price to the producer.

The defects in the system of marketing farm products which the author mentions are defects only from the social point of view; and a defect from the social point of view may be highest efficiency from the point of view of the individual profit-maker. It is not in the interest of economic science both to fail to represent and to mix these two points of view. To the profit-maker, defects may be differential advantages of prime importance. The weakness of farmers as salesmen and their disorganization generally, the weakness of consumers as buyers and their disorganization generally, may be utilized as a means of profit to the middlemen. Taken together these advantages may account for wealth centralizing in the hands of tradesmen rather than in the hands of agricultural land owners. This is a reversal of the Ricardian prophecy; but in this book we find no diver-

gence from Ricardian logic. While from the theoretical point of view the author has made no contribution, from the point of view of descriptive economic history he has made an excellent beginning in a field that has been all but barren. A consistent supply and demand theory would be laissez faire. However, Mr. Weld, like others of his school, does not see "defects" as an essential part of the profit system, which as such should receive full interpretation, but as evils that may be eradicated through education and government regulation. In the main he holds the present marketing system sufficiently efficient to continue as a foundation for any gradual changes that need be made.

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#### NEW BOOKS

ALLART, H. and A. *Traité théorique et pratique des marques de fabrique et de commerce.* (Paris: Rousseau. 1915. 12.50 fr.)

HOOKE, W. H. *The handicap of British trade. With special regard to East Africa.* (London: Murray. 1916.)

JUGLAR, C. and THOM, C. W. *A brief history of panics and their periodical occurrence in the United States.* Revised and enlarged edition. (New York: Putnams. 1916.)

LANDRY, A. *Notre commerce d'exportation avant, pendant et après, la guerre.* (Paris: Dunod. 1916. Pp. 244.)

MORI, P. *Neue Wege schweizerischer Exportpolitik.* (Zürich: Füssli. Pp. 56. 2 fr.)

According to Dr. Mori, the main problem confronting Switzerland is not what means to adopt for the purpose of fostering her foreign trade but how to increase the productive efficiency of her manufacturing industries. Like England, Switzerland rose commercially in an era of industrial freedom and like England she is handicapped today because her industries are organized on too competitive a basis.

The industrial units of Switzerland are too small as compared with those of Germany or of the United States. As yet, she is able to compete successfully in the markets of the world, but unless she changes her methods of production she is fighting a losing fight. What Switzerland needs is not an elaborate system of foreign trade promoting institutions but a consolidation and an integration of her manufactures.

The first part of Dr. Mori's pamphlet is devoted to a refutation of what he terms two main theories upon which has been based the recent agitation in Swiss periodicals for a policy of commercial expansion. In reality the author considers not theories but two assumptions, the first being that Swiss industry is retrogressing